

From: Ken Sallot
To: Microsoft ATR
Date: 12/12/01 7:49pm
Subject: Microsoft Settlement

To whom it may concern:

I write to you this evening in regards to the settlement proposal with Microsoft Corp. Specifically, I would like to comment on proposed restrictions that Microsoft would have to comply with, and the proposed restitution Microsoft will have to pay for their monopolistic practices. I would also like to take this opportunity to discuss possible remedies that could be considered. I am making my commentary, as is my right as a United States citizen, during the Tunney phase of the settlement.

From what I understand of the proposal for restrictions that Microsoft will have to comply with is that Microsoft will be prevented from giving special price breaks to different computer OEM's. The proposal, as I read it, is that for a five year period Microsoft will be required to provide uniform pricing on the Microsoft Windows operating system, as a method to restrict Microsoft from applying "punitive" pricing tactics for supporting competitive operating systems.

However, I am concerned that there were no provisions made to ensure the same does not happen with other Microsoft products. Considering that Microsoft manufactures many software products besides the Windows operating system, I would not be surprised to see Microsoft offer their "preferred partners" special bundle packages on other select software applications in an effort to circumvent the restrictions on Windows price breaks. Special care must be made to ensure that Microsoft does not take advantage of this loophole as a method to punish vendors for supporting competitive products.

Secondly, I would like to comment on the punishment and restitution that Microsoft should make for their actions. The idea that Microsoft should give \$1 billion dollars in computer equipment to school districts across the United States is an excellent idea. However, I am concerned that Microsoft could use this settlement to their advantage in a couple of ways that would only allow them to extend their monopoly. I'll explain my point of view more clearly below.

1. Microsoft has proposed that they will supply software, hardware, and training to the sum of \$1,000,000,000. However if Microsoft were to value their software products at full retail value, the actual number of computers provided would be a paltry sum. Microsoft Office Professional edition currently carries a retail price of \$579, and Microsoft Windows XP currently has a retail price of \$299. Since just about every computer provided through this solution would most likely include Windows and Office, the software would comprise \$878 of each

computer.

Considering that a generic Celeron based system with 256MB RAM and 17" monitor can be found for under \$500, it quickly becomes obvious that over 70% of Microsoft's proposed settlement would be in the form of their software products. The one billion dollar settlement quickly becomes three hundred million in hardware and seven hundred million in software.

2. By providing systems which only run the Microsoft Windows operating system, and the Microsoft Office productivity suite, Microsoft will dramatically increase their presence into markets which they do not currently control a monopoly. K-12 educational markets are currently split almost equally between Windows based machines and Apple Macintosh based systems. The infusion of one billion dollars worth of Windows machines into the educational market would irrevocably shift the balance between the two companies in this market.

3. My understanding is that the term of the software licenses that Microsoft will provide as part of the settlement will expire after five years. This means that eventually the schools that have received this "gift" from Microsoft will have to turn around and purchase new licenses for the hardware if they wish to continue running Windows and Office.

The idea that this is even in the proposed agreement is repugnant to me, and I fail to discern how this is any different than a street-corner drug dealer giving his future customers their first "taste" for free. I am very concerned that once the school districts that have received these computers have become dependent on Microsoft products that Microsoft will be rewarded in the form of new license sales once the five year term has expired.

Additionally, I would like to offer my commentary on what I feel would be reasonable measures to consider for punitive measures.

Some companies have recently offered to provide free copies of the Linux operating system and application software for each and every machine that Microsoft purchases as part of the settlement agreement. Their proposal suggests that Microsoft should focus that billion dollars on PC Hardware, and they will provide the software and support for the software for free. Although I personally think the Linux operating system is excellent, I feel that their suggestion might be too radical and would give the Linux operating system a monopoly in the educational market. I do not think we should replace one monopoly with another, even if that other monopoly is "free."

Instead, I believe that a more reasonable solution would be to split the computers purchased between Apple Macintosh computers and generic "PC"s running the Linux operating system. This would allow a diversity in the computer systems among the schools that would benefit from the billion dollar grant, but at the same time it would not reward Microsoft for their prior transgressions, unlike any solution which includes Microsoft products.

Additionally, I feel that Microsoft should provide specifications to their present and future document file formats so that applications can be developed on operating systems that Microsoft does not support. This would allow users of alternative operating systems to "speak" to Microsoft products, such as Office and Visio, as well as allow people to migrate their data away from Windows. Currently, many users of Microsoft products are locked into the Windows Operating system, unless they are willing to recreate their data from scratch. The Visio product is one of the most notorious for this, but the Microsoft Office suite is not immune from this. Indeed, there are instances where a document written in one version of MS-Office is unreadable in another.

Microsoft Networking Protocols should also be published so that Microsoft Windows will be able to inter-operate with other operating systems. For example, Microsoft has repeatedly made changes to their CIFS protocol which have caused problems for products that compete with Windows Server by speaking this protocol. The SAMBA product is one example of a competitor to Windows Server that continuously has had to play "catch up" in order to communicate with a copy of Windows that has the most recent service pack applied to it.

If the national interest is to be served, then it is crucial that Microsoft's' monopoly should not be extended as a result of the settlement.

Sincerely,

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